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To amend the Internal Revenue Code of 1986 to increase and modify the deduction for income attributable to domestic production activities.

IN THE SENATE OF THE UNITED STATES

Mr. Brown introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to increase and modify the deduction for income attributable to domestic production activities.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. INCREASE AND MODIFICATION OF DEDUCTION
- 4 FOR INCOME ATTRIBUTABLE TO DOMESTIC
- 5 PRODUCTION ACTIVITIES.
- 6 (a) In General.—Paragraph (1) of section 199(a)
- 7 of the Internal Revenue Code of 1986 is amended by strik-
- 8 ing "9 percent" and inserting "10.7 percent".
- 9 (b) Modification of Definition of Domestic
- 10 Production Gross Receipts.—Subparagraph (A) of

I	section 199(c)(4) of the Internal Revenue Code of 1986
2	is amended to read as follows:
3	"(A) In General.—The term 'domestic
4	production gross receipts' means the gross re-
5	ceipts of the taxpayer which are derived from
6	any lease, rental, license, sale, exchange, or
7	other disposition of tangible personal property
8	which was manufactured or produced by the
9	taxpayer in whole or in significant part within
10	the United States.".
11	(e) Exceptions.—
12	(1) Clause (ii) of section $199(e)(4)(B)$ of the
13	Internal Revenue Code of 1986 is amended—
14	(A) by striking "transmission or distribu-
15	tion" and inserting "transmission, distribution,
16	sale, exchange, or other disposition", and
17	(B) by striking "potable water, or" and in-
18	serting "potable water,".
19	(2) Clause (iii) of section 199(c)(4)(B) of such
20	Code is amended to read as follows:
21	"(iii) the lease, rental, license, sale,
22	exchange, or other disposition of—
23	"(I) any property described in
24	paragraph (3) or (4) of section 168(f),
25	$``(\Pi)$ any computer software, or

1	"(III) any agricultural or horti-
2	cultural products, or".
3	(3) Subparagraph (B) of section 199(c)(4) of
4	such Code is amended by adding at the end the fol-
5	lowing new clause:
6	"(iv) the production, refining, proc-
7	essing, transportation, or distribution of
8	oil, gas, or any primary product (within
9	the meaning of section 927(a)(2)(C), as in
10	effect before its repeal) thereof.".
11	(d) Conforming Amendments.—
12	(1) Paragraph (2) of section 199(b) of the In-
13	ternal Revenue Code of 1986 is amended by striking
14	subparagraph (D).
15	(2) Subparagraph (C) of section 199(c)(4) of
16	such Code is amended—
17	(A) by striking "subparagraph (A)(i)(I)"
18	and inserting "subparagraph (A)", and
19	(B) by striking "the requirements of sub-
20	paragraph (A)(i)" and inserting "the require-
21	ments of such subparagraph".
22	(3) Subsection (c) of section 199 of such Code
23	is amended—
24	(A) by striking paragraphs (5) and (6),
25	and

1	(B) by redesignating paragraph (7) as
2	paragraph (5).
3	(4) Subsection (d) of section 199 of such Code
4	is amended—
5	(A) by striking paragraph (9), and
6	(B) by redesignating paragraph (10) as
7	paragraph (9).
8	(5) Paragraph (9) of section 199(d) of such
9	Code (as so redesignated) is amended by striking
10	"subsection (c)(4)(A)(i)" and inserting "subsection
11	(c)(4)(A)".
12	(6) Subsection (a) of section 613 of such Code
13	is amended by striking "and without the deduction
14	under section 199".
15	(7) Paragraph (1) of section 613A(d) of such
16	Code is amended—
17	(A) by striking subparagraph (B), and
18	(B) by redesignating subparagraphs (C),
19	(D), and (E) as subparagraphs (B), (C), and
20	(D), respectively.
21	(e) Effective Date.—The amendments made by
22	this section shall apply to taxable years beginning after
23	December 31, 2013.